



CEDAR FUND

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March 30, 2016

Dear Cedar Fund Partners:

In 2015 Cedar Fund declined 9.1% and the value of a unit of Cedar Fund on December 31, 2015 equaled \$3,412.07. The S&P 500 index had a gain of 1.4%.

FUND PERFORMANCE 12/31/15

	1 Yr	3 Yr	5 Yr	10 Yr.	15 Yr.
Cedar Fund	-9.1%	7.6%	6.1%	4.5%	5.0%
S&P 500	1.4%	15.1%	12.6%	7.3%	5.0%

The S&P's benign return for the year masked what was a generally positive year for growth-oriented stocks and a much more challenging environment for most other types of stocks. For example, large US growth stocks returned 5.7% while large US value stocks declined 3.8%, small US stocks lost 4.4% and international stocks were down 5.7%. ⁽¹⁾

Am I disappointed in the performance of Cedar Fund in 2015? Most definitely! While we have always focused on longer-term returns, we are never happy when our investors lose money. However, we believe that the 2015 return represents a temporary decline, not a permanent loss of capital, and that our current holdings are solid values that can provide attractive growth over time.

The following are highlights of a few of our holdings for 2015:

- The market value of our largest holding, Berkshire Hathaway's declined 12.5%. This reflects a disconnect from the underlying fundamentals, as Berkshire continues to focus on building its net worth increasing its book value. In 2015 Berkshire increased its per share book value by 6.4%. Since its inception, Berkshire has compounded its book value at a rate of 19.2% annually which speaks to enduring value and long term growth.
- Harfam Partners declined 8.2%, driven primarily by its largest manager, Ruane, Cunniff & Goldfarb. Ruane was significantly impacted by a 29% decline in by far its most meaningful position, Valeant Pharmaceuticals. The shining light of Harfam's portfolio was Semper Vic Partners, which was up 5%. Semper Vic concentrates on global companies with strong brands, opportunities for reinvestment and management focused on the long-term. Lastly, we began the process of liquidating Harfam's investment in Kingstown Partners due to lagging performance and Kingstown's new policy restricting the liquidity of Harfam's investment.

- Our worst performer for the year was FPA Capital (down 17.2%), which has substantial holdings in the energy sector. Areas which drove FPA Capital's weakness were its for-profit education and energy holdings. Despite its near term struggles, FPA Capital since its inception (August 1984) has realized an annualized return of 13.3%.

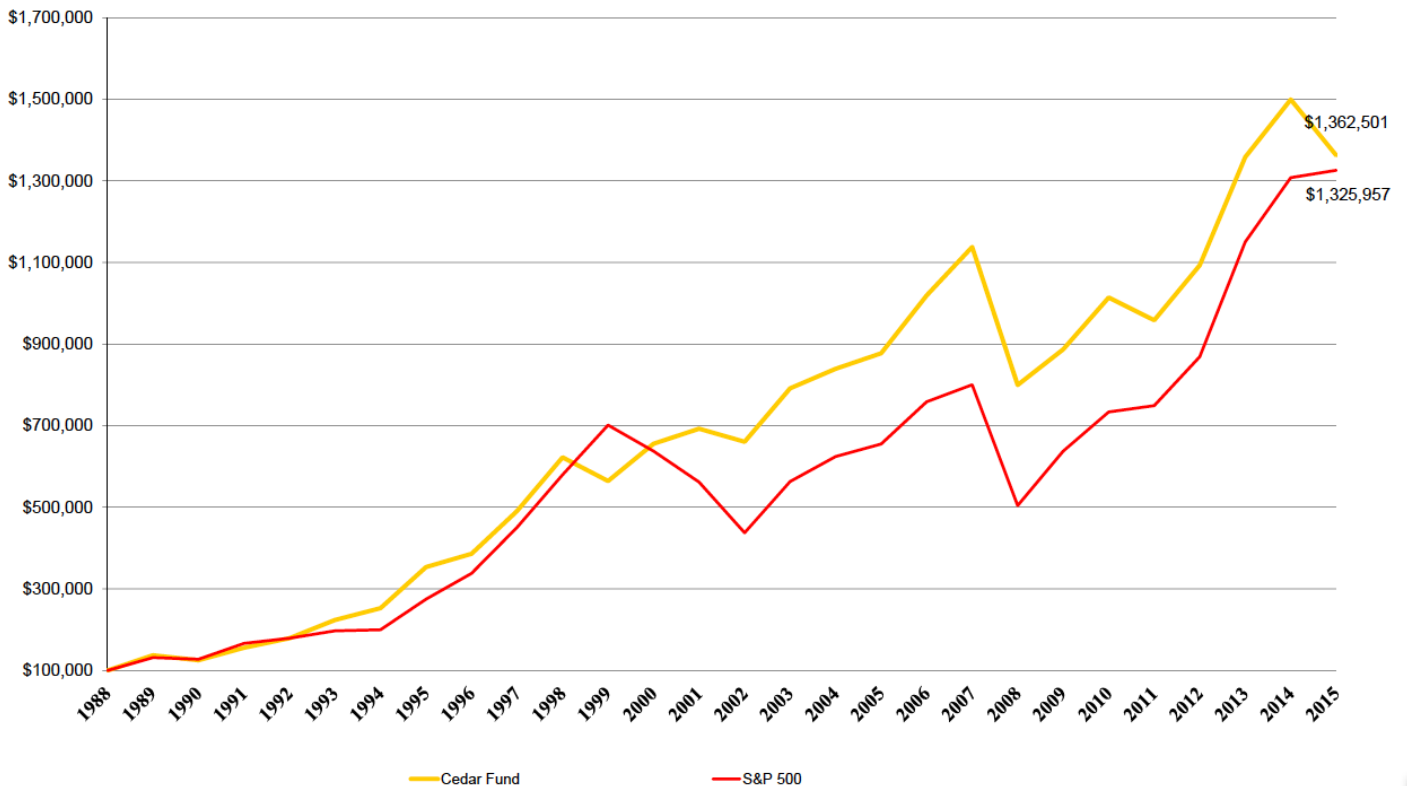
Given the uncertainty that we experience today, I am reminded of an excerpt from the revised edition of Benjamin Graham's, "The Intelligent Investor": *"Today's headlines are full of fearful facts and unresolved risks: the death of the 1990s bull market, sluggish economic growth, corporate fraud, the specters of terrorism and war.But investors have never liked uncertainty and yet it is the most fundamental and enduring condition of the investing world."*

Volatility generally leads many investors to move money out of the market and sit on the sidelines until volatility calms down. Over the last 27 years, the S&P 500 index has seen 16 years where the market performed better than 10% and 3 years where the market declined more than 10%, with the largest decline being in 2008 at -37%. (2)

Despite this volatility, the chart below shows the impact of remaining invested in Cedar Fund over this 27 year period. As you can see, an investment of \$100,000 in Cedar Fund grew to \$1,362,501 compared to \$1,325,957 for an investment in the S&P 500.

Growth of \$100,000

12/31/2015 Annualized Return



Cedar Fund provided this long-term return by using a diversity of underlying managers. Diversification simply means not putting all of your eggs in one basket. The managers we have chosen for Cedar Fund provide reasonable diversification that makes for a solid portfolio and positions Cedar Fund well for the next 25 years. ***On page four of this letter you will find a synopsis of each of our managers and funds.***

In my letter to you dated November 5, 2015 regarding the passing of my brother Ed, I mentioned the future brings a new chapter to Harris Harper Counsel and Cedar Fund. Nevertheless, the driving force of the strategy that Ed, my brother-in-law, Dave Harper, and I have followed in the 27 years of Cedar Fund remains unchanged. As Benjamin Graham wrote, a good investment is one that provides “safety of principal and an adequate return”. I believe this is a sound strategy and am committed to continuing this long term growth strategy to increase the value of the precious dollars that have been entrusted to us.

I will continue as sole owner of Harris Harper Counsel working closely with Corey Harper, our consultant from Ronald Blue & Co. I am confident in the future of Cedar Fund and will work hard to continue to grow its investment over time.

On behalf of the Harris and Harper families, I want to thank you for your notes, cards, emails and calls of condolences regarding Ed’s passing.

Please know that I am only a phone call or an email away and welcome any questions you may have. I would appreciate the opportunity to discuss the strategies and future of Cedar Fund with you.

Sincerely,

A handwritten signature in black ink that reads "Mark W. Harris". The signature is written in a cursive, flowing style.

Mark W. Harris, President
Harris Harper Counsel Inc., General Partner, Cedar Fund

(1) Source for returns: Russell 1000 Growth, Russell 1000 Value, Russell 2000 and MSCI ACWI ex USA.
(2) Source for calendar year returns: Lipper, a Thomson Reuters Company, 2015 All rights reserved.

SYNOPSIS OF CEDAR FUND HOLDINGS

Berkshire Hathaway - Holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance and reinsurance, railroad, utilities and energy, finance, manufacturing, service and retailing. Warren Buffet is the CEO of the company.

Harfam Partners - Limited partnership invested in two hedge funds (Semper Vic and Kingstown Partners), a separate account managed by Ruane, Cunniff & Goldfarb, mutual funds and individual stocks. The partnership is managed by Mark Harris, Becky Harper and DeAnn Harris.

First Eagle Global - World allocation mutual fund managed by a team led by Matthew McLennan and Kimball Brooker, Jr. The fund invests in a range of asset classes in the United States and countries around the world using a highly disciplined, bottom-up approach with fairly broad diversification. The fund was managed for many years by Jean-Marie Eveillard.

FPA Crescent - Contrarian value mutual fund managed by Steve Romick, Mark Landecker and Brian Selmo. The fund's primary focus is on protecting capital by vigilantly managing downside risk. It follows a broad mandate to invest across company capital structure, asset classes, sizes of companies, industries and location, giving it attributes similar to a hedge fund. The fund tends to be fairly concentrated and can hold a significant allocation to cash.

Sequoia Fund - Growth-oriented, large-cap mutual fund managed by David Poppe. The fund focuses on companies with strong balance sheets, sustainable competitive advantages and talented management teams that are effective capital allocators. The fund can be quite concentrated and invests sizable portions of the fund in its top holdings. The fund regularly holds large cash stakes when attractively priced stocks are unavailable.

% of Cedar Fund's Portfolio	Manager
31%	Berkshire Hathaway
15%	Harfam Partners
12%	First Eagle Global
8%	FPA Crescent
7%	Sequoia
7%	FPA Capital
7%	Longleaf Small Cap
5%	Tweedy Browne Global
5%	IVA Worldwide
3%	Net Cash

FPA Capital - Deep value mutual fund managed by Dennis Bryan and Arik Ahitov. The fund invests primarily in small and medium sized US companies, typically with significant company and industry concentration (currently energy and technology stocks). It has also held large amounts of cash historically when unable to find attractive investment options. The fund was managed for many years by Bob Rodriguez.

Longleaf Small Cap - Concentrated, small-cap mutual fund managed by Mason Hawkins, Staley Cates and Ross Glotzbach. The fund's approach is focused on buying companies at substantial discounts to their assessed values. The fund has an absolute performance goal equal to the rate of inflation plus 10%, and all fund company employees must utilize the Longleaf Funds for all of their publicly-held investments.

Tweedy Browne Global - Global equity mutual fund managed by William Browne, John Spears, Thomas Shrager and Robert Wyckoff, Jr. The fund has historical connections to Benjamin Graham and follows a

version of Graham's investment approach. It typically holds at least 80% of its assets in non-US companies but attempts to hedge its foreign currency risk back into the US dollar.

IVA Worldwide - World allocation mutual fund managed by Charles de Vaulx and Chuck de Lardemelle. The fund invests in a range of securities and asset classes from markets around the world. Its focus is on intensive research of individual companies and it maintains fairly broad diversification. Both de Vaulx and de Lardemelle were formerly with the First Eagle funds.

Harris Harper Counsel, Inc.

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March 2016

PRIVACY POLICY

To the clients of Harris Harper Counsel Inc. and Cedar Fund L.P.:

Harris Harper Counsel and Cedar Fund L.P. does not disclose nonpublic personal information about our clients/investors or former clients/former investors to third parties other than as described below.

We collect information about you (such as your name, address, email address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us and in the course of providing services for you. We may use this information to provide services to you, to open an account for you, to process a transaction for your account or otherwise in furtherance of our business. In order to service your account and effect your transactions, we may provide your personal information to firms, such as financial institutions, that assist us in servicing your account and have a need for such information. We require arrangements to protect the confidentiality of your information and to use the information only for the purposes for which we disclose the information to them. We do not otherwise provide information about you to outside firms, organizations or individuals except to our attorneys, accountants and auditors and as permitted by law.

We restrict access to nonpublic personal information about you to only those associated with Harris Harper Counsel Inc. who need to know that information to provide services to you.

OTHER INFORMATION AVAILABLE TO CEDAR FUND PARTNERS

• [click here to view 2015 Cedar Fund financial statement](#) audited by CPA Firm Rodefeld, Kassens & North, LLP (this statement includes a list of the Cedar Fund investments).

• [click here to view our website](#) which includes:

- Cedar Fund holdings
- Harfam Partners holdings
- Growth of \$100,000 chart

Upon written request the following will be made available to investors:

- Printed copies of any document on our website
- Form ADV, Investment Advisor Registration, (required by the Indiana Securities Division).
- Form ADV Brochure (required by the Indiana Securities Division).

Schedule of Regular Communication sent to partners by Email:

- February – Form K-1 sent to partners
- March – Annual Letter, Audited Financial Statements, Privacy Policy
- Quarterly (mid-April, mid-July, mid-October, mid-January)
 - Performance results
 - Value of your account